TATEV SOUTHERN TOURISTIC HUB

November 2016
Executive Summary

Tatev Southern Touristic Hub is a strategic program undertaken by IDEa Foundation to establish Tatev as Armenia’s southern touristic hub and unlock the economic potential of Syunik Province.

**Tatev Revival Project**
- Tatev is a natural, historic and cultural gem of southern Armenia which had remained largely unknown to tourists until the launch of the Tatev Revival Project by the IDEa Foundation.
- Launched in 2008, the $25M Tatev Revival Project is a real-life example of our PASED approach, a powerful combination of:
  - Traditional philanthropic project to restore the medieval Tatev Monastery
  - Impact investment to build the Wings of Tatev ropeway and the Tatevatun restaurant
  - Social investment in local communities
- The Tatev Revival Project has already had a massive impact on the socio-economic development of Tatev:
  - Tourist flow to Tatev increased from ca. 10,000 before 2008 to ca. 120,000 in 2015
  - 77 permanent jobs have been created and dozens of local businesses established

**Tatev Southern Touristic Hub**
- Tatev Southern Touristic Hub Program is an extension of the Tatev Revival Project.
- It aspires to transform Tatev from a day-trip single destination to a major touristic hub where people can spend 2-5 days to discover the entirety of southern Armenia (Goris, Sissian, Kapan, Meghri, Vayots Dzor).
- The project will serve both the traffic from Yerevan and the growing inflow of Iranian tourists from the South.
- The program includes further restoration of the Tatev Monastery, revival of the abandoned medieval villages, development of Tatev National Park and building new up-to-date tourist infrastructure.
- The Project will have a transformational effect not only on Tatev but on the whole of southern Armenia, bringing the tourist flow to over 400,000 by 2021.

**Key facts**
- **$95M** 5-year investment program
- 4x growth in tourist traffic by 2021 to over 400,000
- $30M of annual impact on the regional economy
- Over 1,500 new permanent jobs and dozens of new businesses by 2021
- 1,500 service contracts in field work
- Self-sustainability. Proceeds from commercial projects to be used for the further development of Syunik Province.

**Touristic flow to Tatev ('000)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tatev Revival Project</th>
<th>Tatev Southern Touristic Hub</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>2013</td>
<td>73</td>
<td>84</td>
</tr>
<tr>
<td>2015</td>
<td>89</td>
<td>117</td>
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<tr>
<td>2017</td>
<td>120</td>
<td>132</td>
</tr>
<tr>
<td>2019</td>
<td>175</td>
<td>349</td>
</tr>
<tr>
<td>2021</td>
<td>462</td>
<td>402</td>
</tr>
</tbody>
</table>
TATEV IS AN IMPORTANT NATURAL, HISTORIC AND CULTURAL LANDMARK OF ARMENIA

Rich cultural heritage

- 9th century Tatev monastery is one of the most important religious, architectural, spiritual and cultural destinations in Armenia
- Ancient villages of Halidzor, Khot and Shinuhayr retain historical authenticity and traditions
- Traditional lifestyle and national Armenian food are still key elements of the villages and form an authentic touristic product

Unique natural attractions

- Spectacular scenery of the Vorotan gorge which needs little marketing and sells itself
- Rich biodiversity and unique eco-system in Tatev National Park and surrounding areas

Strategic location

- Tatev is located on a larger touristic circle of Armenia and is an excellent foothold to discover southern Armenia
- Proximity to Iranian border – Iran accounts for 10% of the international arrivals to Armenia with over 140,000 people in 2015
- Direct access to the North-South Corridor, a strategic highway under construction connecting Armenia’s southern border with Georgia
TATEV REVIVAL
PROJECT IMPACT

1 Restoration of 9th-century Tatev monastery – one of the prominent religious, cultural and enlightenment centers of medieval Armenia.
   • In the 14th and 15th centuries the monastery was home to one of the prominent Armenian medieval universities, the University of Tatev

2 Constructed in 2010, the Wings of Tatev ropeway made Tatev easily accessible for tourists and locals with travel time across the gorge decreased from 1 hour to 10 minutes.
   • The Wings of Tatev is the longest reversible cable car in the world and a unique way to discover the one-of-a-kind scenery of the Vorotan gorge

3 Development of local communities with training to start new businesses in the hospitality sector, engagement in social projects and providing jobs to locals.

12x growth in tourist traffic to Tatev
   • Tourist flow increased from ca. 10,000 in 2010 to ca. 120,000 in 2015
   • Over 450,000 tourists visited Tatev since the launch of the Wings of Tatev

Promotion of economic development of Tatev
   • Over 20 homestays established by locals
   • Tatevatun restaurant and smaller cafes were established serving traditional cuisine

Employment for local citizens
   • 77 permanent jobs for locals
   • Over 250 temporary jobs in the construction phase

Local community development
   • Over 250 children now attend more comfortable kindergartens and schools
   • 4 engineering labs were established and more than 50 students study engineering and robotics
   • Over 7,000 people participated in organized events/festivals

Full financial self-sustainability
   • $3.5M accumulated revenue
   • Project revenue fully covers operating costs with proceeds used for local community development
Extension of the Tatev Revival Project, the Tatev Southern Touristic Hub Program aims to establish Tatev as a major touristic destination where tourists can spend 2-3 days.

The Program will increase tourist traffic from 120,000 to over 400,000 visitors and have over $30M annual impact on local economy, create over 1,500 new jobs and dozens local businesses.

Restoration of Tatev Monastery complex
- Further restoration of the historic monastery complex buildings, monuments and territory beautification
- 1st phase of the project is already completed under the Tatev Revival Project

Recreational zone in Tatev
- New tourist center and quality public areas will be created nearby the Tatev Monastery Complex
- Tatev Museum will offer digital displays, interactive exhibits, historical artifacts and experiential storytelling to the visitors
- New 1,500-seat open-air amphitheater overlooking the gorge will offer its audiences the power and beauty of classical music in an inspiring natural setting

Revival of old villages
- Restoration and preservation of abandoned medieval villages: Khot Shinuhayr Halidzor Tatev
- Development of a touristic product for adventure travelers seeking to discover the authenticity and color of the medieval Armenia

Tatev National Park
- The project managed in close collaboration with the WWF aims to preserve the rich biodiversity of Tatev’s ecosystem
- Development of tourist adventure activities, such as hiking, trekking, mountain biking, camping, bird and other wildlife watching

Touristic infrastructure in Halidzor
- Construction of new 3*-4* hotel and B&B facilities with ca. 600 rooms to provide comfortable tourist accommodation
- New restaurants, cafes, children’s playgrounds and other high-quality public spaces to promote tourist traffic

Local community development
- Developing infrastructure for local communities such as commercial areas, access roads, water supply, etc.
- Provision of training to locals to operate / work in HoReCa sector
**TOTAL INVESTMENT ESTIMATES**

Total investment is estimated at about $331M

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Building Area (sqm)</th>
<th>Construction Cost ($M)</th>
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<tbody>
<tr>
<td><strong>Restoration of Tatev Monastery complex</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 2</td>
<td>1,000</td>
<td>1.5</td>
</tr>
<tr>
<td>Phase 3</td>
<td>4,000</td>
<td>5.5</td>
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<tr>
<td><strong>Recreational Zone in Tatev</strong></td>
<td>76,400</td>
<td>23.7</td>
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<tr>
<td><strong>Revival of old villages</strong></td>
<td>4 villages</td>
<td>20.0</td>
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<tr>
<td><strong>Tatev National park</strong></td>
<td></td>
<td></td>
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<tr>
<td>Construction of information center, events areas and pavements</td>
<td>2,500</td>
<td>1.8</td>
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<tr>
<td>Soft infrastructure development</td>
<td></td>
<td>0.3</td>
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<tr>
<td><strong>Touristic infrastructure in Halidzor</strong></td>
<td></td>
<td></td>
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<tr>
<td>Hotel and surrounding facilities</td>
<td>13,500</td>
<td>24.3</td>
</tr>
<tr>
<td>B&amp;B’s and surrounding facilities</td>
<td>8,600</td>
<td>10.3</td>
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<tr>
<td>F&amp;B facilities</td>
<td>720</td>
<td>1.3</td>
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<tr>
<td>Playground area</td>
<td>13,000</td>
<td>1.3</td>
</tr>
<tr>
<td>Info center area</td>
<td>1,260</td>
<td>1.3</td>
</tr>
<tr>
<td>Land</td>
<td></td>
<td>1.5</td>
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<tr>
<td><strong>Local community development</strong></td>
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<td></td>
</tr>
<tr>
<td>Hard infrastructure</td>
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<td>2.5</td>
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<tr>
<td>Soft infrastructure</td>
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<td>0.3</td>
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<tr>
<td><strong>TOTAL</strong></td>
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